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MFG. 7-71

DEPARTMENT OF STATE TELEGRAM

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ACTION SS-25

INFO OCT-01 (CIAE-00, DODE-00,) W

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P 130545Z NOV 71

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 5550

SECRET SECTION 1 OF 2 PHNOM PENH 5789

EXDIS

CORRECTED COPY (PARA 2)

SUBJ: STAFFDEL SULLIVAN/BOYER

REF: STATE 194203

1. SUMMARY. VISIT OF HOUSE FOREIGN AFFAIRS STAFFERS SULLIVAN AND BOYER IN CAMBODIA NOVEMBER 2 TO 12 APPEARS TO HAVE GONE QUITE WELL. AS THEY DESCRIBED THEM TO THE AMBASSADOR, THEIR MAIN FINDINGS AND RECOMMENDATIONS ARE: (A) THE FY 72 MAP ASKING FIGURE OF US \$200 MILLION IS TIGHT, AND MORE COULD EFFECTIVELY BE USED, (B) THE FY 72 ECONOMIC AID ASKING FIGURE OF US\$110 MILLION IS SOFT AND COULD BE REDUCED SUBSTANTIALLY, PARTICULARLY IF UNTIED, (C) THE PROPOSED 200-MAN CEILING ON AMERICAN PERSONNEL IS LIVABLE; (D) THE PROPOSED 50-MAN CEILING ON ICN'S IS TOO RESTRICTIVE, AND (E) THE HOUSE SHOULD GO ON RECORD TO EFFECT THAT END-USE STANDARDS NEED NOT RPT NOT BE APPLIED RIGOROUSLY IN CAMBODIA. SULLIVAN/BOYER PROBED INSISTENTLY FOR EVIDENCE THAT EMBASSY IS OVERSTEPPING OPERATING LIMITS SET BY CONGRESS. BUT ALLEGED INSTANCES (AT LEAST THOSE DISCUSSED WITH US) ARE NOT COMPELLING AND SHOULD NOT MAKE GOOD COPY. END SUMMARY.

2. ON ECONOMIC AID LEVELS, SULLIVAN/BOYER SAID IMF REPRESENTATIVE TOMASSON HAD TOLD THEM THAT CUMBERSOME AID PROCEDURES, HIGH US PRICES AND SHIPPING TIMES, AND KHMER UNFAMILIARITY WITH US SUPPLIERS WOULD PREVENT MORE THAN A TOKEN VOLUME OF CIP GOODS FROM MOVING UNDER THE NEW EXCHANGE MECHANISM. UNLESS THE CIP WERE UNTIED, TOMASSON HAD SAID, CAMBODIA WOULD FACE A

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FINANCIAL CRISIS BY NEXT SPRING. SULLIVAN/BOYER TOLD US THAT THEY WERE IN BROAD AGREEMENT WITH THIS ASSESSMENT. THEY WENT ON TO SAY THAT THEY COULD FIND NO CLEAR BASIS FOR THE \$110 MILLION REQUEST AND SAW NO REASON WHY IT SHOULD NOT BE REDUCED.

3. WE RESPONDED THAT ON THE ASSUMPTION CIP REMAINS SUBSTANTIALLY TIED TO US SOURCES, AND THIRD COUNTRY CONTRIBUTIONS REMAIN MINIMAL, \$110 MILLION IS A REASONABLE ESTIMATE OF PROGRAM REQUIREMENTS. BUT IF THE ESF IS CREATED WITH \$12.5 MILLION CONTRIBUTED BY OTHERS AND IF US AID CAN BE LARGELY UNTIED, THE SIZE OF THE PROGRAM COULD BE REDUCED CORRESPONDINGLY. WE NOTED THAT SOME \$10 MILLION OF THE \$50 MILLION AVAILABLE HAS ALREADY BEEN ORDERED FROM US SOURCES UNDER CIP, AND THAT THE FALLING OFF OF ORDERS SINCE AUGUST MAY HAVE BEEN IN PART DUE TO KHMER ANTICIPATION OF THE CASH GRANT AND 941 AUTHORITIES. WE DID AGREE THAT THERE MAY BE A MAJOR PROBLEM IN MOVING TIED US AID AT NEW, REALISTIC EXCHANGE RATES AND THAT THE PRESENT INDUCEMENTS (THE EXCLUSIVE LIST AND THE LOWER DEPOSIT REQUIREMENT) MAY NOT WORK.

4. AS REGARDS THE MAP PROGRAM, SULLIVAN/BOYER SAID THEY FOUND THE OVERALL PROGRAM TIGHT AND DEFENSIBLE BUT EXPRESSED CONCERN AT THE POSSIBILITY OF FUTURE GROWTH IN MEDT STAFF AND AT WHAT THEY ALLEGED TO BE A TENDENCY OF EMBASSY PERSONNEL TO MOVE INTO ADVISORY ROLES. EXAMPLES CITED (SUBSTITUTION OF US NAVY REQUIRITION FORMS FOR SUPPOSEDLY ADEQUATE PREEXISTING ONES DESIGNED BY THE CAMBODIANS; US GUIDANCE IN CHOICE OF TRAINING SITES; ALLEGED HINTS BY MEDT PERSONNEL THAT THEY WOULD LIKE TO ACT, OR FIND WAYS TO ACT, IN AN ADVISORY ROLE) WERE NOT SUBSTANTIAL, BUT MAY APPEAR IN THEIR REPORT. WE EMPHASIZED OUR STRICT CONTROLS ON TRAVEL OF US PERSONNEL TO COMBAT AREAS, AS WELL AS ITS SMALL VOLUME. WE ALSO STRESSED THAT IN AREA OF LOGISTICS WE BELIEVE A DIALOGUE ON HOW MAP MONES ARE TO BE USED IS NECESSARY AND CONSISTENT WITH CONGRESSIONAL GUIDANCE.

5. SULLIVAN/BOYER EXPRESSED CONCERN THAT WE ARE SETTLING IN FOR A LONG TERM, HIGH LEVEL MILITARY SPENDING PROGRAM IN CAMBODIA WHEREAS THE PROGRAM WAS INITIALLY SOLD TO CONGRESS AS AN ADJUNCT TO VIETNAMIZATION. WE RESPONDED THAT SOME SMALL (AND DECREASING) ANNUAL INCREMENTS IN THE FORCE LEVEL MIGHT BE NECESSARY TO ASSURE THAT THE GKR HAS A REASONABLE BARGAINING POSITION BUT THAT THE INITIAL CONCEPT OF EQUIPPING A LIGHT INFANTRY FORCE

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QPM SULLIVAN AND BOYER MET WITH THE AMBASSADOR THREE TIMES AND SAW MOST OF THE EMBASSY STAFF BOTH IN THE OFFICE AND SOCIALLY. THEY ALSO CALLED ON OR MET ALMOST THE ENTIRE KHMER CIVILIAN AND MILITARY LEADERSHIP, INCLUDING PRIME MINISTER DELEGATE SIRIK MATAK, MINISTERS SOK CHHONG (FINANCE), THAPPANA NGINN (INTERIOR), HANG THUN HAK (COMMUNITY DEVELOPMENT), KHY TAING LIM (PUBLIC WORKS), LONG BORET (ACTING AT FOREIGN AFFAIRS), PLAN COMMISSIONER PHLEK CHHAT, AID COORDINATOR ENG HUN, NATIONAL BANK GOVERNOR HING KUNTHEL, DEP C OF S SAK SUTSAKHAN, ASSISTANT C OF S POK SAM AN (TRAINING), MR II COMMANDER BRIG. GENERAL SOSTHENE FERNANDEZ, THE AUSTRALIAN, BRITISH AND ISRAELI AMBASSADORS, THE FRENCH CHARGE, AND THE IMF REPRESENTATIVE. THEY VISITED THE CONVOY STAGING POINT AT TAN CHAU, KOMPONG SOM PORT, BATTAMBANG CITY AND AIR TRAINING BASE, THE LOVEK DEPOT, THE BLOWN BRIDGE AT KILOMETER 54 ON ROUTE 6, AND KOMPONG SPEU. THEY OBSERVED AID ARRIVAL OPERATIONS AT THE PORT AND AIRPORT AND ACCOMPANIED AN MEDT MEMBER ON AN END-USE INSPECTION OF A BATTALION IN THE PHNOM PENH AREA. THEY VISITED A REFUGEE CAMP, ACCOMPANIED BY ICRC REPRESENTATIVE ISLER.

11. ON INSTRUCTION FROM THE COMMITTEE STAFF DIRECTOR, SULLIVAN AND BOYER SENT OFF BY POUCH A SUMMARY REPORT AND RECOMMENDATIONS WRITTEN ON NOVEMBER 3, ONLY HALF WAY THROUGH THEIR PROGRAM AND BEFORE SOME OF THEIR QUESTIONS AND CONCERNS HAD SURFACED. REPORT SHOULD ARRIVE IN WASHINGTON ON OR ABOUT NOVEMBER 19. WE DO NOT KNOW WHETHER IT DIFFERS IN SUBSTANCE OR TONE FROM THE READOUT THEY GAVE US ON NOVEMBER 12. REGION L GAO REPRESENTATIVE LYONS, WHO WAS IN PHNOM PENH NOVEMBER 9 TO 11 AT STAFFDEL'S REQUEST, READ THE REPORT AND TOLD US IT WAS QTE POSITIVE UNQTE.

12. SULLIVAN/BOYER TOLD US THEY WERE SATISFIED BOTH WITH SCHEDULE AND EMBASSY RESPONSIVENESS TO THEIR QUESTIONS. WE WOULD EXPECT THEIR LONG-FORM REPORT TO BE WORKMANLIKE JOB WITH BASICALLY POSITIVE THRUST, BUT PROBABLY NOT WITHOUT ALLUSION TO THEIR CONCERNS ON THE PROPER FRONTIER BETWEEN DELIVERING EQUIPMENT AND ADVISING.

13. SUGGEST DEPARTMENT REPEAT THIS REPORT ON AN APPROPRIATELY RESTRICTED BASIS TO SECDEF, CINCPAC, COMUSMACV, CHMEDTC, AND EMBASSIES SAIGON AND BANGKOK.
SWANK

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ACTION SS-25

INFO OCT-01 CIA-00, DOD-00, (CIAE-00, DODE-00,) W
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P 130545Z NOV 71
FM AMEMBASSY PHNOM PENH
TO SECSTATE WASHDC PRIORITY 5551

S E C R E T FINAL SECTION OF 2 PHNOM PENH 5789

EXDIS

SUBJ: STAFFDEL SULLIVAN/BOYER

REF: STATE 194203

7. SULLIVAN/BOYER MADE NO SUSTAINED PROBE WITH US INTO THE PHANTOM ISSUE BUT APPEARED TO TAKE FOR GRANTED THAT THE FANK PAYROLL IS PADDED. THEY SUGGESTED TO US THAT WE ATTACK THE PROBLEM BY (A) SAMPLING THE MANNING LEVEL OF BATTALIONS IN NORMAL END-USE CHECKS, AND (B) REDUCING OUR COUNTERPART CONTRIBUTIONS TO THE MILITARY BUDGET BY A PERCENTAGE EQUIVALENT TO SHORTFALLS DETECTED IN THESE CHECKS. THE DIFFERENCE WOULD BE PUT INTO AN ESCROW ACCOUNT PENDING RECTIFICATION BY THE KHMER. WE TOLD SULLIVAN/BOYER THAT THE IDEA IS INTERESTING, AND WOULD LOOK INTO IT. WE DO NOT KNOW WHETHER IT WILL APPEAR IN THEIR REPORT.

8. IN RESPONSE TO STAFFDEL'S QUERY ON CIP/MAP TRANSFERS, WE SAID THAT WE COULD NOT ADDRESS THE QUESTION IN PHNOM PENH.

9. SULLIVAN/BOYER DID NOT INQUIRE CLOSELY INTO THE TRIPARTITE MECHANISM AND ARE PROBABLY RESERVING THAT ELEMENT IN THEIR BRIEF FOR SAIGON. WE WERE PREPARED TO GIVE THEM A FACTUAL ACCOUNT, STRESSING THAT IT IS NOT A DECISION-MAKING BUT A COORDINATING BODY, WHOSE ESSENTIAL RAISON D'ETRE IS TO HELP THE VIETNAMESE AND CAMBODIANS WORK TOGETHER. WE WERE GOING TO MAKE PLAIN THAT THE OPERATION IS CLASSIFIED, EXPLAINING THAT POLITICAL PRESSURES ON BOTH KHMER AND VIETNAMESE MAKE IT IMPORTANT TO KEEP IT SO.

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WOULD GOVERN IN THE FUTURE AS NOW. AFTER THE INITIAL BUY IS
COMPLETE, THIS WOULD MEAN SIGNIFICANT DECLINES IN MAP REQUIRE-
MENTS.

6. ONLY OTHER MAP POINT ON WHICH STAFFDEL CHALLENGED US CONCERNS
PROVISION FOR COMMODITIES FOR BARRACKS AT PROJECTED KOMPONG SPEU
BATTALION TRAINING CENTER, WITH SULLIVAN ARGUING THAT IHAD
NEVER BEEN THE CONGRESS'S INTENT TO FINACNE CONSTRUCTION BEYOND
THE MINIMUM LOGISTIC BASE: I.E. THE PORT AND BRIDGES. HE SUB-
SIDED WHEN WE RESPONDED THAT BARRACKS WOULD BE VERY AUSTERE
(DIRT FLOORS, TIN ROOFS, TOTAL US COST OF \$30 PER MAN), KHMER
WOULD BUILD THEM THEMSELVES, AND THAT BOTH US AND GKR HAD
MAJOR FINANCIAL AND POLITICAL INTERESTS IN MOVING TRAINING IN
COUNTRY AS SOON AS POSSIBLE. HOWEVER, THIS ITEM MAY SURFACE
IN THE REPORT.

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